



Policy Comparisons

Comparisons of Connecticut Partnership Long-Term Care Insurance Policies

Connecticut Partnership for Long-Term Care
Office of Policy and Management
State of Connecticut

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How To Use This Report

This report is intended to provide basic information about the required features of Connecticut Partnership for Long-Term Care Insurance policies, and how the other features vary among the approved companies. **This report reflects the company's most recently approved Partnership policies. It does not compare or discuss all features of every policy. *In addition, this report reflects the various options available from the company, which sometimes includes multiple Partnership policies.*** Before you purchase a long-term care insurance policy, it is essential that you request and review a sample policy completely, compare it with other policies, and have all of your questions answered to your satisfaction by the insurance company, insurance agent, or by calling the Partnership's Consumer Information Service toll-free number **1-800-547-3443**.

This report will not recommend a particular policy or insurance company. Nor will it recommend the appropriate premium you should pay based upon your income or assets. Instead, this report will assist you in determining whether long-term care insurance is appropriate for you, and if so, what considerations you should take into account in choosing the best policy for you. By following the steps below, you will become an informed consumer of long-term care insurance. Choosing a policy will be an involved process that is worth the time you invest. Always remember that you, not the state, your agent, nor a volunteer must make these decisions.

The following steps will help guide your decision-making process.

- 1. Review “A Shopper’s Guide To Long-Term Care Insurance”**, which is available from insurance agents. The “Shopper’s Guide” reviews what to look for in a policy and how to find good advice.
- 2. Choose benefits** and features that meet your needs.
- 3. Compare policies** using this report and by talking to agents who can provide you with the policies that meet your needs.
- 4. Review total cost** of premiums, deductibles and co-payments (see Page 27).
- 5. Choose a policy** that meets your needs (adequate asset protection, and appropriate benefits) at an acceptable cost.

This report reflects Partnership policies and the regulations for those policies in place on January 1, 2011. Contact your insurance agent for the most up-to-date policy information. Please note that the Partnership policies must meet stricter regulations than non-Partnership policies. This report will be updated periodically as features change, as new policies are approved, and as new regulations are passed. The information contained in this report has been taken from the policies themselves by the Connecticut Partnership for Long-Term Care staff, and has been reviewed by representatives from each insurance company.



Publications - Free publications are available by calling the Partnership's Consumer Information Service at **1-800-547-3443**. Please note that each of these publications is contained in the Partnership's "Consumer Packet." The Partnership publications include:

- ♦ **"Planning Today for a Secure Tomorrow"** - *Description of long-term care, the Partnership, and appropriate candidates for the Partnership*
- ♦ **"Paying For Nursing Home Care With Medicaid"** - *Medicaid Guide*
- ♦ **"Frequently Asked Questions"** - *Frequently asked questions about long-term care insurance and the Partnership program*
- ♦ **"Cost of Long-Term Care in Connecticut"** - *Provides private pay costs for nursing facility and home and community-based care in Connecticut.*



Website - You can also visit the Partnership's website at www.ctpartnership.org for additional information.



Questions - Trained volunteers and staff are available to answer your questions on the Partnership, and on Medicaid Asset Protection. Please call **1-800-547-3443**.

VOLUNTEERS AND STAFF DO NOT SELL INSURANCE NOR DO THEY RECOMMEND ONE POLICY OVER ANOTHER.

Each Partnership policy must include the following features, which are not required of other long-term care insurance policies:

- ◆ Must offer the option to purchase a wide array of home and community-based benefits including, but not limited to, skilled nursing care, adult day health care, home health aide, homemaker services, respite care and occupational, physical, respiratory and speech therapies.
- ◆ Must provide, as part of a home care benefit, care management services designed to: make an individualized assessment, develop a coordinated plan of care, and monitor the policyholder's health and services provided. **Care management services are not meant to restrict or limit benefits.** Home and Community-based services must follow a Plan of Care that has been approved by an Access Agency (an approved care management company) in order for the services to count towards Medicaid asset protection.
- ◆ Must cover, as part of the nursing facility benefit, the variety of facility charges (e.g., room & board, therapies, nursing, laundry, etc.), up to the benefit amount purchased. *Please note the average cost for a semi-private nursing home room in Connecticut is \$341 per day.*
- ◆ Must provide for inflation protection at a minimum rate of 5% compounded annually. This protection will be both automatic and for as long as the policy is active. Inflation protection can also be provided by paying benefits on a percentage of the average cost for private payers. When offered, persons age 65 and over can waive the lifetime maximum inflation protection, but the daily benefits must continue to inflate.
- ◆ At a minimum, provide daily benefit rates for Nursing Facility and Home and Community-Based benefits as follows:

Minimum Daily Benefit Rates		
Year of Application	Nursing Facility	Home and Community Based
2011	\$203.00	\$101.50
2012	\$213.00	\$106.50

For each additional year both minimum benefit rates will rise by 5% over the previous year, rounded to the nearest dollar.

- ◆ Must offer the policyholder, in the event they are about to drop their policy, the option to switch their coverage to a shorter benefit period than originally purchased. The new lower premiums for the shorter benefit period must be based on the age of the policyholder when they bought their original policy. This offer need only be made once.
- ◆ Only Partnership policies provide Medicaid Asset Protection. This allows you to protect \$1 in assets for every \$1 paid in benefits. You must be a CT resident at two points in time to receive Medicaid Asset Protection: 1) when you buy your Partnership policy, and 2) when you need Medicaid to pay for your long-term care services. If you need long-term care services while in another state, your insurance will pay for services and those payments can count towards Medicaid Asset Protection when you apply to CT's Medicaid program or another state's Medicaid program that CT has a reciprocal agreement with. (Please call 1-800-547-3443 for information on reciprocal agreements with other State Medicaid programs.)
- ◆ Special "Partnership Certification" training is required for all agents before they can discuss, present or sell CT Partnership-approved policies.
- ◆ Must provide quarterly Asset Protection reports and any Service Summary reports to both the policyholder and the CT Partnership Office.
- ◆ Must display the Partnership logo, (see front cover), on each Application, Outline of Coverage, Policy, and marketing materials.

Each Partnership policy must include the following features, which are required of all long-term care insurance policies:

- ◆ Must guarantee that the policy is renewed until the policyholder dies, benefits are exhausted, or premiums are not paid in a timely manner.
- ◆ Upon the death of the policyholder with an active policy, refund any portion of any premium paid that applies to the period after death.
- ◆ Must allow you to identify someone to receive a notice if your policy were about to lapse (due to late payments).
- ◆ If a long-term care policy replaces another long-term care policy, the replacing insurer must waive any time periods for pre-existing conditions and probationary periods to the extent that similar time periods have already been satisfied under the original policy.
- ◆ Cannot exclude coverage for Alzheimer's Disease type conditions once a policy has been issued.
- ◆ Cannot require that you enter a hospital prior to receiving nursing facility benefits; or enter a nursing facility or hospital prior to receiving home care benefits.
- ◆ Cannot offer an "Elimination Period" (also called a deductible or waiting period) greater than one hundred (100) days.
- ◆ Must allow the consumer thirty (30) days to review the policy within which time the policy can be canceled by the consumer and any premiums paid will be refunded. This feature is referred to as the "Free Look Period."
- ◆ Must offer, as an option, a nonforfeiture benefit.
- ◆ Must waive the payment of future premiums after benefits have been paid for a nursing facility stay of no more than ninety (90) consecutive days, until benefits are no longer being paid. Also, must waive the payment of future premiums after benefits have been paid for home and community-based care for a reasonable period.

Each policy may include some or all of the following restrictions, which are also allowed in all long-term care insurance policies:

- ◆ Claims **may be denied** due to material misrepresentation or fraud.
 - ◆ Claims **may be denied** for pre-existing conditions during the six-month period after the policy is issued. The conditions are only those for which medical advice was given by, treatment was recommended by, or treatment was received from a physician within six months before the policy was issued.
 - ◆ Claims **may be denied** when losses are caused by War; Mental disease or disorder without demonstrable organic disease; Suicide; Intentional self-inflicted injury; or Alcoholism or drug addiction.
 - ◆ Claims **may be denied** when care or treatment is given at: Government institutions; Hospitals; or , with some companies, outside the United States.
-

Required Company and Agent Practices

- ◆ Agents must have reasonable grounds for believing that the recommendation to purchase any long-term care insurance is suitable for the applicant based upon health and financial circumstances.
 - ◆ Agents are prohibited from using high-pressure sales tactics.
 - ◆ All advertising materials must identify the insurance company, agency or agent, and it must be clear that the purpose of the advertising materials is to solicit the purchase of insurance.
 - ◆ At the time of application, every applicant must receive the following materials:
 - 1. Outline of Coverage
 - 2. Graphic comparison of the difference between increasing benefits vs. level benefits
 - 3. Long-Term Care Insurance Shopper's Guide – published by the National Association of Insurance Commissioners (NAIC)
 - 4. If eligible for Medicare, a copy of “Guide to Health Insurance for People with Medicare,” when requested.
 - ☆ In addition to the above bullet, agents are required to give every applicant for a Partnership-approved policy the following:
 - 1. Written statement on Mandatory Inflation Protection
 - 2. The publication “Before You Buy” – published by the State of Connecticut
 - 3. The toll-free consumer information phone number – answered by the Connecticut Partnership staff or volunteers.
- ☆ This is required of Partnership-approved policies only.

Common Company Practices Which Are Not Required

- ◆ The “Coordination With Other Benefits” provision allows benefits from other insurance policies to be used to supplement the benefits of the Partnership policy, thus potentially stretching the time for overall coverage. Other types of insurance include:

1. Medicare
2. Medicare Supplement or Medigap
3. Health Insurance
4. Other Long-Term Care policies

The specifics of the “Coordination With Other Benefits” provision vary amongst the policies. Check the policies carefully and ask your agent how this provision can affect the payment of benefits.

- ◆ Generally, companies will review an applicant's medical history to consider if the policy will be issued. Indications of certain chronic health problem(s) will most likely result in the company not issuing you the policy. This is called "*medical underwriting*". However, each company uses different ways to define chronic health problems. Therefore, while one company might not accept you for coverage, another company might be willing to issue you a policy. Policies sold through a group or employer may not use medical underwriting or may ask only a few medical questions for *eligible persons* (such as an active employee) but will screen others who are able to purchase through the group, such as retirees and family members of active employees.

 **Volunteers
and Staff
are Available to
Assist You
1-800-547-3443**

The Health Insurance Portability and Accountability Act of 1996 (the Act) states that “Tax Qualified” long-term care insurance will be treated in the same manner that health and accident insurance is treated under the Federal Income Tax Code.

This means that:

- Benefits paid by a “Tax Qualified” long-term care insurance policy will not be counted as taxable income to the policyholder; and
- Premiums paid by an individual for “Tax Qualified” long-term care insurance can be counted as an unreimbursed medical expense for those itemizing their deductions for Federal income tax purposes. (See chart below for some limitations); and
- Premiums paid by an employer for their employee’s “Tax Qualified” long-term care insurance can be deducted in the same manner as a health insurance deduction.

These provisions only apply to what the Act defines as “Qualified Long-Term Care Insurance Contracts”. A “Tax Qualified” policy is:

- Any long-term care insurance policy **issued prior to January 1, 1997**. These policies are grandfathered under the Act and are considered “Qualified”. Therefore, policies issued by December 31, 1996 are considered “Tax Qualified” for purposes of the Act.
- Policies **issued after January 1, 1997** must meet a set of standards described in the Act in order to be “Tax Qualified” policies.

Therefore, as of January 1, 1997, any long-term care policy wishing to be considered “Tax Qualified” for Federal tax purposes will need to meet all the standards listed in the Act.

The Act provides the following schedule for how much of the premiums paid for a “Tax Qualified” policy can be applied as an unreimbursed medical expense for Federal income tax purposes for calendar year 2011. Individuals can use their actual premium amount up to the limitation noted in the chart.

Attained Age Before the Close of the Tax Year	Tax Limitation on Premiums* Calendar Year 2011
40 or less	\$340
41 – 50	\$640
51 – 60	\$1,270
61 – 70	\$3,390
71 and older	\$4,240

* The Tax Limitation on Premium amounts will be increased each year by an amount equal to the adjustment of the medical care cost component of the Consumer Price Index, (as measured in August of the preceding calendar year), and rounded to the nearest \$10. The above figures are for calendar year 2011.

Please note the deduction under the Act *is not a straight tax deduction*. Individuals who have purchased a “Tax Qualified” long-term care insurance policy can count an amount of their premiums, *up to the amount noted in the chart above*, as an unreimbursed medical expense when they itemize their deductions. Therefore, in order to benefit from the tax deduction, an individual must:

- ✓ Itemize their deductions (use Schedule A); and
- ✓ Have an amount of unreimbursed medical expenses that *exceeds* 7.5 percent of their Adjusted Gross Income (AGI).

The amount an individual can then use for a deduction is the amount that exceeds the 7.5 percent figure.

FOR EXAMPLE: A 61 year old single woman who has a Federal tax rate of 27%, has unreimbursed medical expenses equal to 7.5% of her AGI before counting her long-term care premium of \$3,200. Under the Act, she can count all of her \$3,200 long-term care premium as unreimbursed medical expenses and, therefore, she has \$3,200 in excess of the 7.5% of her AGI. At her tax rate, she will be able to save \$864 in taxes because of her long-term care insurance together with her other unreimbursed medical expenses. *Note: If her unreimbursed medical expenses, including the \$3,200 allowed for long-term care premiums, were equal to or less than 7.5% of her AGI, there would be NO tax deduction.*

Additional Comments:

- All of the Partnership policies described in this report have been approved by the Connecticut Department of Insurance as *intended* to be “***Tax Qualified***.” The Department of Insurance does not have the authority to approve the plans as “Tax Qualified;” therefore, it is the responsibility of the insurance company to develop their plan in order to meet the criteria to be “Tax Qualified.”
- The standards noted in the Act are modeled mostly after the National Association of Insurance Commissioners’ (NAIC) Model Long-Term Care Regulation and Act as of January 1993. For specific information on the standards, contact either your insurance company or the Connecticut Partnership office.
- **You should discuss the tax implications of purchasing long-term care insurance with your accountant or tax advisor.**

In addition to the "Required Policy Features" listed in Section 2, the Connecticut Partnership for Long-Term Care has developed "Standards of Excellence" intended to improve on the already high standards required by regulation. The following list indicates which "Standards" the participating companies have met. A check ✓ indicates the standard is included in the policy contract.

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Provide paid-up options (e.g., 10 year, 20 year, by age 65).	✓	✓	✓	✓
Provide discounts for domestic partners.	✓	✓	✓	✓
Offer persons age 65 and over the option of only inflating their daily, weekly, or monthly coverages.		✓		
Use or Offer Weekly or Monthly limits for home & community-based benefits.	✓	✓	✓	✓
Offer shorter term coverage (i.e. 1 and/or 2 years)	✓	✓	✓	✓

In addition to the "Required Policy Features" listed in Section 2, the Connecticut Partnership for Long-Term Care has developed "Standards of Excellence" intended to improve on the already high standards required by regulation. The following list indicates which "Standards" the participating companies have met. A check ✓ indicates the standard is included in the policy contract.

<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Provide paid-up options (e.g., 10 year, 20 year, by age 65).	✓	✓		✓
Provide discounts for domestic partners.	✓	✓		✓
Offer persons age 65 and over the option of only inflating their daily, weekly, or monthly coverages.	✓			✓
Use or Offer Weekly or Monthly limits for home & community-based benefits.	✓	✓		✓
Offer shorter term coverage (i.e. 1 and/or 2 years)	✓	✓	✓	✓

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Lifetime Maximum Benefit				
Initial Amount of Coverage or Potential Medicaid Asset Protection (Years of Coverage)	\$76,650-\$1,168,000 or Unlimited	\$149,650 - \$1,460,000 (2-4, 5-6*, 8 *, 10* yr) or Unlimited*	\$74,095 - \$1,825,000 (1, 2, 3, 4*, 5*, 6*, 10* yrs)	\$153,300 – \$1,825,000 (2,3,4,5,6, 10 yrs) or Unlimited
Amount of Coverage for Joint Life or Shared Benefit between Spouses	\$76,650-\$730,000 additional	\$299,300 - \$2,920,000	\$148,190 - \$1,825,000 *	\$153,300 – \$1,825,000
Premiums				
How long do you have to pay premiums until you need care and premiums are waived (see below)?	Lifetime, 10 or 20 Yr. Paid Up	Lifetime, 10 Yr. Pd Up, or Pd Up by Age 65	Lifetime, 10 Yr. Paid Up, or Paid Up by Age 65	Lifetime, 10 Yr. Paid Up, or Paid Up by Age 65
When are Premiums waived for Home & Comm. Based services?	After receiving 90 days of care◆	After Elimination Period❁	After Elimination Period	After Elimination Period
When are Premiums waived for Nursing Facility services?	After receiving 90 days of care	After Elimination Period	After Elimination Period	After Elimination Period

❁ A 0-Day Elimination Period is automatically included in the monthly benefit policy.

* Coverage is NOT available to purchasers ages 80 and over.

◆ Seven days will be counted for each week that 3 or more days of care are received.

<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Lifetime Maximum Benefit				
Initial Amount of Coverage or Potential Medicaid Asset Protection (Years of Coverage)	\$153,300 – no upper limit on daily benefit (2, 3, 4, 5, 7 yrs)	\$148,190 - \$1,825,000 (2, 3, 4, 5, 6, 10 yrs) or Unlimited	\$76,605 - \$1,460,000 (1, 2, 3, 5, 10 yrs) or Unlimited	\$74,095- Unlimited
Amount of Coverage for Joint Life or Shared Benefit between Spouses	\$153,300 – no upper limit on daily benefit (2, 3, 4, 5 yrs)	\$148,190 - \$1,825,000	N/A	\$74,095- \$725,000
Premiums				
How long do you have to pay premiums until you need care and premiums are waived (see below)?	Lifetime, 10 Yr., or Paid Up by Age 65	Lifetime, 10 Yr. Paid Up or Paid Up at Age 65	Lifetime	Lifetime, Single Lump Sum, 10 Yr. Paid Up or Paid Up at Age 65
When are Premiums waived for Home & Comm. Based services?	After receiving 90 days of benefits	After Elimination Period	After receiving 90 days of care	After Elimination Period
When are Premiums waived for Nursing Facility services?	After Elimination Period	After Elimination Period	After receiving 90 days of care	After Elimination Period

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Inflation Protection				
Automatic Increase in Daily Benefit	5% Comp. Annually	5% Comp. Annually	5% Comp. Annually	5% Comp. Annually
Automatic Increase in Lifetime Benefit.	5% Comp. Annually	5% Comp. under age 65; optional at age 65+	5% Comp. Annually	5% Comp. Annually
Benefit Amounts*				
Nursing Facility	\$210 – 400 per day	\$205 – 400 per day or \$6,200 -12,000 per month	\$203 – 500♠ per day or \$6,293 - 15,000 per month♠	\$210 – 500 per day
Home & Community Based (HC)	\$3,150 – 12,000 per month	\$102.50 – 400 per day or \$3,100 – 12,000 per month	Same as Nursing Facility	\$210 – 500 per day or \$6,300 - 15,500 per month
Assisted Living	Same as Nursing Facility	Same as Nursing Facility	Same as Nursing Facility	Same as Nursing Facility
Maximum Annual Respite Care Benefit in a Nursing Facility (NF)	21 days @ HC benefit	\$Amt = Monthly Maximum Amt.	21 days @ NF prior to EP, after EP no max	30 days @ NF benefit
Maximum Annual Respite Care Benefit at Home or in the Community (HC)	21 days @ HC benefit	\$Amt = Monthly Maximum Amt.	21 days @ HC prior to EP, after EP no max	30 days @ NF benefit

* The minimum daily benefits are adjusted annually. See page 3 for minimum daily benefits.

♠ Benefit amounts are capped at \$250 per day and \$7,500 per month for purchasers ages 80 and over.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Inflation Protection				
Automatic Increase in Daily Benefit	5% Comp. Annually	5% Comp. Annually	5% Comp. Annually	5% Comp. Annually
Automatic Increase in Lifetime Benefit.	5% Comp under age 65; optional at age 65+	5% Comp. Annually	5% Comp. Annually	5% Comp under age 65; optional at age 65+
Benefit Amounts*				
Nursing Facility	\$210 – no upper limit per day	\$203 – 500 per day	\$210 – 400 per day	\$203 – 400 per day
Home & Community Based (HC)	\$210/day or \$6,387.50/mo. – no upper limit	\$101.50 – \$25 per day or monthly benefit of \$101.50 times # of days in month	Same as Nursing Facility	Same as Nursing Facility
Assisted Living	Same as Nursing Facility	Same as Nursing Facility	Same as Nursing Facility	Same as Nursing Facility
Maximum Annual Respite Care Benefit in a Nursing Facility (NF)	\$Amt = 30 times NF benefit	21 days @ NF benefit	21 days @ NF benefit	30 days @ NF benefit
Maximum Annual Respite Care Benefit at Home or in the Community (HC)	\$Amt = 30 times NF benefit	21 days @ NF benefit	21 days @ NF benefit	30 days @ NF benefit

* The minimum daily benefits are adjusted annually. See page 3 for minimum daily benefits.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Elimination Periods (EP) Days				
Nursing Facility (NF)	0, 15, 30, 60, 90	0, 30, 90	30, 60, 90	30, 60, 90
Home & Community Based (H&C), and/or Adult Day Care	Integrated with NF period	Integrated with NF period☛	Integrated with NF period	Integrated with NF period
In order for a day to count towards the E.P., do covered services need to be received?	Yes♣	Yes	Yes	Yes
E.P. is met by counting “service” or “calendar” days	Service Days♣	Service Days	NF – Service; H&C – Calendar, care in week = 7 days	Service Days
Once the E.P. has been met, do you have to meet it again?	No	No	No	No
Nonforfeiture Options *				
At Time of Lapse	Reduced Paid Up, Contingent & Return of Premium	Reduced Paid Up, Contingent & Return of Premium	Reduced Paid Up, Contingent & Return of Premium	Reduced Paid Up, Contingent & Return of Premium

* Reduced Paid Up - receive reduced benefits without having to continue paying premiums.

Contingent – receive reduced benefits without having to continue paying premiums as a result of premium increases above specified limits.

Return of Premium – some or all of previously paid premiums will be returned upon lapse of the policy or the death of the policyholder – various options are available depending on the insurance company.

♣ Seven days will be counted for each week that 3 or more days of care are received.

☛ A 0-Day Elimination Period is automatically included in the monthly benefit policy.

<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Elimination Periods (EP) Days				
Nursing Facility (NF)	30, 60, 90	30, 60, 90	30, 90	0, 30, 60, 90
Home & Community Based (H&C), and/or Adult Day Care	Integrated with NF period	Integrated with NF period	Integrated with NF period	Integrated with NF period
In order for a day to count towards the E.P., do covered services need to be received?	Yes	No	Yes	Yes
E.P. is met by counting "service" or "calendar" days	Service Days	Calendar Days	Service Days	Service Days
Once the E.P. has been met, do you have to meet it again?	No	No	No	No
Nonforfeiture Options *				
At Time of Lapse	Reduced Paid Up, Contingent & Return of Premium	Reduced Paid Up & Contingent	Reduced Paid Up	Reduced Paid Up, & Contingent

* Reduced Paid Up - receive reduced benefits without having to continue paying premiums.

Contingent – receive reduced benefits without having to continue paying premiums as a result of premium increases above specified limits.

Return of Premium - some or all of previously paid premiums will be returned upon lapse of the policy or the death of the policyholder – various options are available depending on the insurance company.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Insured Event <i>What triggers benefits?</i>				
Functional Impairment				
Degree of Assistance or Supervision required with Activities of Daily Living (ADLs) <i>(Tax Qualified Plans require certification that the impairment is expected to last at least 90 days.)</i>	Substantial assistance from another individual for at least 90 days ⚙	Substantial assistance from another individual for at least 90 days ⚙	Substantial assistance from another individual for at least 90 days ⚙	Substantial assistance from another individual for at least 90 days ⚙
Number of ADLs checked below that will trigger insurance benefits	2 - All benefits	2 - All benefits	2 - All benefits	2 - All benefits
Bathing ♥	✓	✓	✓	✓
Dressing ♥	✓	✓	✓	✓
Eating ♥	✓	✓	✓	✓
Toileting ♥	✓	✓	✓	✓
Transferring ♥	✓	✓	✓	✓
Continence ♥	✓	✓	✓	✓
Cognitive Impairment				
Degree of Supervision required, failure of Standardized Tests (Failure), or exhibiting Behavioral Problems (Behavior)	Substantial supervision for "Failure" or "Behavior"	Substantial supervision for "Failure" or "Behavior"	Substantial supervision for "Failure" or "Behavior"	Substantial supervision for "Failure" or "Behavior"

⚙ "Substantial assistance" includes hands on or standby assistance.

♥ When a person needs the level of assistance or supervision needed with two or more of the Activities of Daily Living (ADLs) checked above, the policy's insured event has been met.

<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Insured Event <i>What triggers benefits?</i>				
Functional Impairment				
Degree of <i>Assistance</i> or <i>Supervision</i> required with Activities of Daily Living (ADLs) (<i>Tax Qualified Plans require certification that the impairment is expected to last at least 90 days.</i>)	Substantial assistance from another individual for at least 90 days ⚙	Substantial assistance from another individual for at least 90 days ⚙	Substantial assistance from another individual for at least 90 days ⚙	Substantial assistance from another individual for at least 90 days ⚙
Number of ADLs checked below that will trigger insurance benefits	2 - All benefits	2 - All benefits	2 - All benefits	2 - All benefits
Bathing ♥	✓	✓	✓	✓
Dressing ♥	✓	✓	✓	✓
Eating ♥	✓	✓	✓	✓
Toileting ♥	✓	✓	✓	✓
Transferring ♥	✓	✓	✓	✓
Continence ♥	✓	✓	✓	✓
Cognitive Impairment				
Degree of <i>Supervision</i> required, failure of <i>Standardized Tests</i> (Failure), or exhibiting <i>Behavioral Problems</i> (Behavior)	Substantial supervision for "Failure" or "Behavior"	Substantial supervision for "Failure" or "Behavior"	Substantial supervision for "Failure" or "Behavior"	Substantial supervision for "Failure" or "Behavior"

⚙ "Substantial assistance" includes hands on or standby assistance.

♥ When a person needs the level of assistance or supervision needed with two or more of the Activities of Daily Living (ADLs) checked above, the policy's insured event has been met.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Home Care Offerings				
Are Nursing Facility only plans available in addition to comprehensive plans (home care included)?	Comprehensive and NF only	Comprehensive	Comprehensive	Comprehensive and NF only
Do Initial Assessment fees reduce Lifetime Benefits?	No	No	No	No
Do other Case Management costs reduce Lifetime Benefits?	No	No	No	No
Restoration of Benefits				
If care is no longer needed for 180 consecutive days, will Lifetime Benefit be restored?	Yes	Yes, with optional rider	Yes, with optional rider	Yes, with optional rider
Pre-Existing Conditions				
When are pre-existing conditions <u>admitted</u> or <u>not admitted</u> ⓘ on the application covered?	Covered Immediately	Covered Immediately	Covered Immediately	Covered Immediately
Mental & Nervous Disorders				
After you have been approved for the insurance which mental or nervous disorders will be covered.	All Mental or Nervous Disorders including Organic Diseases ⓘ	All Mental or Nervous Disorders including Organic Diseases ⓘ	All Mental or Nervous Disorders including Organic Diseases ⓘ	All Mental or Nervous Disorders including Organic Diseases ⓘ

⊗ Intentional errors or omissions can lead to an invalid policy. It is in your best interest to admit to all health conditions at the time of application.

ⓘ Organic Diseases include, Alzheimer's & Parkinson's Diseases, and Senile Dementia, which must be covered by ALL policies.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Home Care Offerings				
Are Nursing Facility only plans available in addition to comprehensive plans (home care included)?	Comprehensive	Comprehensive	Comprehensive	Comprehensive
Do Initial Assessment fees reduce Lifetime Benefits?	No	No	No	No
Do other Case Management costs reduce Lifetime Benefits?	No	No	No	No
Restoration of Benefits				
If care is no longer needed for 180 consecutive days, will Lifetime Benefit be restored?	Yes, with optional rider	Yes	Yes	Yes, with optional rider
Pre-Existing Conditions				
When are pre-existing conditions <u>admitted</u> or <u>not admitted</u> ⓘ on the application covered?	Covered Immediately	Covered Immediately	Covered Immediately if admitted. If not admitted, Covered after 6 months.	Covered Immediately
Mental & Nervous Disorders				
After you have been approved for the insurance which mental or nervous disorders will be covered.	All Mental or Nervous Disorders including Organic Diseases ⓘ	All Mental or Nervous Disorders including Organic Diseases ⓘ	All Mental or Nervous Disorders including Organic Diseases ⓘ	All Mental or Nervous Disorders including Organic Diseases ⓘ



Intentional errors or omissions can lead to an invalid policy. It is in your best interest to admit to all health conditions at the time of application
Organic Diseases include, Alzheimer's & Parkinson's Diseases, and Senile Dementia, which must be covered by ALL policies.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Selected Services Provided♥				
Nursing Facility (NF) Services	✓	✓	✓	✓
Skilled Nursing Care	✓	✓	✓	✓
Physical, Occupational, and Speech Therapy	✓	✓	✓	✓
Respiratory Therapy	✓	✓	✓	✓
Home Health Aide and Homemaker Services	✓	✓	✓	✓
Adult Day Health Care	✓	✓	✓	✓
Care Management Services	✓	✓	✓	✓
Alternative Plan of Care *	✓	✓	✓	✓
Assisted Living: Room & Board	✓	✓	✓	✓
Assisted Living: Services	✓	✓	✓	✓
Chore Services	✓	✓	✓	
Emergency Response System	✓		✓	
Hospice Care	✓	✓	✓	✓
Home Delivered Meals	✓			
Informal Caregiver Training	✓	✓	✓	✓
Medical Equipment - Durable	✓	✓	✓	
NF Bed Hold / Reservation	✓	✓	✓	✓
Nutritionist / Dietitian	✓		✓	
Respite Care	✓	✓	✓	✓

♥ Benefits paid for any service (home & community-based services must be part of a Plan of Care) will earn Medicaid Asset Protection.

* Allows policyholder to possibly receive services not specifically listed in the policy, subject to the insurance company's approval.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Selected Services Provided♥				
Nursing Facility (NF) Services	✓	✓	✓	✓
Skilled Nursing Care	✓	✓	✓	✓
Physical, Occupational, and Speech Therapy	✓	✓	✓	✓
Respiratory Therapy	✓	✓	✓	✓
Home Health Aide and Homemaker Services	✓	✓	✓	✓
Adult Day Health Care	✓	✓	✓	✓
Care Management Services	✓	✓	✓	✓
Alternative Plan of Care *	✓	✓	✓	✓
Assisted Living: Room & Board	✓	✓	✓	✓
Assisted Living: Services	✓	✓	✓	✓
Chore Services		✓		
Emergency Response System	✓	✓	✓	✓
Hospice Care	✓	✓	✓	✓
Home Delivered Meals				
Informal Caregiver Training	✓	✓	✓	✓
Medical Equipment - Durable	✓	✓		✓
NF Bed Hold / Reservation	✓	✓	✓	✓
Nutritionist / Dietitian		✓		
Respite Care	✓	✓	✓	✓

♥ Benefits paid for any service (home & community-based services must be part of a Plan of Care) will earn Medicaid Asset Protection.

* Allows policyholder to possibly receive services not specifically listed in the policy, subject to the insurance company's approval.

COMPARISONS OF POLICY FEATURES

Policy Comparisons

How to Evaluate Discounts -- Do not choose a policy just based upon its discount!

Once you have chosen the policies that include the features that meet your long-term care needs, then you are ready to compare premiums and investigate discounts. Discounts vary depending on the type of discount and the insurance company.

**PLEASE NOTE, A POLICY THAT INCLUDES THE FEATURES YOU NEED BUT HAS NO DISCOUNT
MAY STILL BE MORE AFFORDABLE THAN A POLICY WITH A LARGE DISCOUNT.**

<i>Policy Features</i>	Bankers Life	Genworth Life	John Hancock	MassMutual
Discounts Offered				
Household, Spousal or Partner Discounts ♣	Yes	Yes	Yes	Yes
Buy through a “group” ♦	Yes	Yes	Yes	Yes
Purchase Options				
Married couple or partners can: share 1 policy, share extra policy, or share one another’s policy	Yes, share extra policy	Yes, share 1 policy	Yes, share the other’s policy	Yes, share extra policy
International Coverage				
Where benefits are payable:	Worldwide	US Only	Worldwide	US & Canada
Limitations	None		Coverage up to 1 Year	
Age at Time of Purchase				
Full Benefits for individuals	18 - 89	18 - 79	18 - 79	18 - 84
Full Benefits for “groups” ♦	18 - 89	18 - 79	18 - 79	18 - 84
Reduced Benefits	Full Benefits Offered	Full Benefits Offered	80 - 84	Full Benefits Offered

- ♦ “Group” offerings may offer premium discounts and are commonly offered through employers to their employees, retirees, and their families (spouses, parents, in-laws, grandparents and sometimes adult children and their spouses), even though the insurance is an “individual” policy. Other types of groups and associations can also arrange for discounts. However, the arrangements vary by insurance company.
- ♣ A “Yes” indicates the company has a least one of these types of discounts but not necessarily all 3.

How to Evaluate Discounts -- Do not choose a policy just based upon its discount!

Once you have chosen the policies that include the features that meet your long-term care needs, then you are ready to compare premiums and investigate discounts. Discounts vary depending on the type of discount and the insurance company.

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<i>Policy Features</i>	MedAmerica	Prudential	State Farm	Transamerica Life
Discounts Offered				
Household, Spousal or Partner Discounts ♣	Yes	Yes	Yes	Yes
Buy through a “group” ♦	Yes	Yes	No	Yes
Purchase Options				
Married couple or partners can: share 1 policy, share extra policy, or share one another’s policy	Yes, share the other’s policy	Yes, share the other’s policy	No	Yes, share the other’s policy
International Coverage				
Where benefits are payable:	Worldwide	Worldwide	US Only	US & Canada
Limitations	None	Coverage up to 1 year		
Age at Time of Purchase				
Full Benefits for individuals	18 - 85	18 – 79	30 - 84	18 – 79
Full Benefits for “groups” ♦	18 – 85	18 – 79	N/A	18 – 79
Reduced Benefits	Full Benefits Offered	Full Benefits Offered	Full Benefits Offered	Full Benefits Offered

- ♦ “Group” offerings may offer premium discounts and are commonly offered through employers to their employees, retirees, and their families (spouses, parents, in-laws, grandparents and sometimes adult children and their spouses), even though the insurance is an “individual” policy. Other types of groups and associations can also arrange for discounts. However, the arrangements vary by insurance company.
- ♣ A “Yes” indicates the company has a least one of these types of discounts but not necessarily all 3.

The cost of long-term care insurance, expressed in premiums paid to an insurance company, is one of the most important factors in deciding whether, and from which company, to purchase long-term care insurance. It is also one of the most complex. The policies vary greatly, making comparisons of premiums more like comparing apples and oranges. What follows are the factors (or features) that will affect the premium and some sample premiums that you could expect to pay.

Factors that Affect Premiums:

- | | |
|--|--|
| 1. Age | Age is the single most important factor . Insurance companies price their policies according to the age of the applicant with the older your age, the more expensive the premium. Therefore, it is advantageous to start the planning process at as young an age as possible. As you reach your sixties, an upcoming birthday can have a significant impact if you wait to purchase a policy. |
| 2. Elimination Period | The longer the elimination period (i.e., 90 days instead of 30 days) the less expensive the premium. |
| 3. Daily & Lifetime Benefit | The greater the benefit purchased the higher the premium, (weekly or monthly benefits are also available at a higher premium). |
| 4. Benefits purchased | The type of services covered can impact the premium, (i.e., a comprehensive plan that covers both home care and nursing facility care will cost more than a nursing facility only plan). |
| 5. Riders or Options | Additional features, such as a non-forfeiture benefit, will increase the premium. |
| 6. Spousal or Partner Discounts | Most companies will provide for some discount if both spouses purchase a policy from the same company. Other companies offer a discount if two adults are living together even if only one person purchases a policy. |
| 7. Group Discounts | Purchasing a policy through a group offering such as through your employer or an association may decrease the premium. Check to see if your, or any family member's, employer offers such a benefit to their employees and retirees. (See previous page.) |
| 8. Paid Up Options | Premiums can also be paid up within a specific period (e.g., 10 or 20 years) of time, in which case the annual premium for the specified period is higher than the annual premium would be if it was paid for the lifetime of the policyholder or until they need care. |
| 9. Health Factors | Some companies offer lower premiums for applicants in very good health and higher premiums for applicants with particular health conditions. |
-

The Table below illustrates the average annual premiums for a Partnership policy that provides nursing facility care (\$200/day) and home and community-based care (\$200/day paid on a monthly basis) with a high deductible (in this example, the policy holder must pay the first 90 or 100 days of care, this is sometimes referred to as the elimination or waiting period, shorter periods are available) and includes a 5% compounded inflation protection provision. Premiums will remain the same for your lifetime unless the insurance company gets state approval to change premiums for an entire "class" of policyholders. **An individual policyholder cannot be singled out for a premium increase.**

AVERAGE ANNUAL PREMIUMS ACROSS PARTNERSHIP POLICIES					
<i>Nursing Facility and Home Care (\$200 per day benefit)</i>					
Coverage		Purchase Age			
Approximate Amount	Minimum Duration	55	60	65	70
\$73,000	1-Year	\$1,420	\$1,700	\$2,360	\$3,440
\$146,000	2-Years	\$2,040	\$2,420	\$3,360	\$4,920
\$219,000	3-Years	\$2,580	\$3,200	\$4,300	\$6,400

There are also Partnership policies available that provide nursing facility only benefits. Premiums for that policy are not illustrated here.

Because there are eight different factors (discussed on the previous page) that have a direct impact on premiums, it is very difficult to compare premiums adequately among insurance companies. Therefore, the table that is presented here illustrates the average (typical) premiums you could expect to pay, while still receiving meaningful long-term care benefits. However, it is essential that you consider what your deductible and co-payments will be especially when you choose a low daily benefit. In the example above, assuming the average cost in a nursing facility is \$300 per day, a 90-day deductible would be \$27,000 (\$300 x 90 days), and the co-payment would be \$100 per day (cost of \$300 less coverage of \$200). In other words, you would pay the first 90 days (\$27,000) and then the policy would begin to pay \$200 per day, while you paid \$100 per day. (See next page for more details.)

CONSUMER TIPS ON PREMIUMS

- Buy at a young age - while you are healthy and the premiums are more affordable.
- Know what you are buying - a low cost plan may mean that you will pay a high deductible and/or co-payment.
- Most policies are not directly comparable with other policies due to the wide range of benefits available. Therefore,
PLEASE SHOP AROUND! COMPARE PREMIUMS, BENEFITS, DEDUCTIBLES AND CO-PAYMENTS!

If you decide that purchasing a long-term care insurance policy is an affordable option for you, then you must choose how much insurance to buy. Several factors, in addition to the premium charged for the insurance, should be considered. If you just compare premiums, many of the future costs associated with the need for long-term care services can be overlooked. These factors include:

- ◆ **Deductible or Elimination Period;**
- ◆ **Amount of Coverage; and,**
- ◆ **Actual Costs of Care.**

An example of each factor will illustrate its importance on what your costs may be if you do need long-term care services in the future.

Deductible or Elimination Period:

As with most insurance, the higher the deductible the lower the premium. As the policyholder, you are responsible for paying the cost of your care during the deductible period; (the period of time before your insurance policy begins to pay). This cost may be covered by other insurance, such as Medicare, or you may have to pay for the care out of your pocket. Therefore, while a higher deductible may reduce your premium, your future out-of-pocket costs may be higher.

Amount of Coverage and Actual Costs of Care:

It will be helpful, when deciding how much insurance to purchase, to examine what level of assets you wish to protect through a Partnership policy. If the answer were \$200,000, then you would be looking to purchase \$200,000 worth of coverage. The next decision is what amount you want the policy to pay on a daily basis. If you choose \$200 per day of long-term care coverage the policy would pay benefits for approximately 2¾ years. However, if you choose \$310 per day the policy would pay benefits for less than two years.

The amount you choose the policy to pay on a daily basis will affect your co-payment costs -- the difference between the actual cost of care and what the insurance will pay. Using the average cost of \$310 per day for nursing facility care, the policy that pays \$200 per day will require a \$110 per day co-payment; the policy paying \$310 per day will **not** require a co-payment.

Of the two examples described above, the policy that pays \$200 per day for 2¾ years of coverage will generally have lower premiums. However, as the example illustrates, the tradeoff of a lower premium could be higher co-payments. The key factors will be what the actual cost of care is and what amount of income you can spend for co-payments. Therefore, when deciding how much insurance to purchase it is important to determine what the average cost of care is in your area.

A helpful guide in deciding how much, and whether, to purchase a Partnership policy, is that your **income plus your insurance benefits should be equal to or greater than the cost of your care**. If it is not, then you will need to use some of your assets to pay for your care, which may include some of the assets you hope to protect.

* Some policies pay the charges up to the average private pay rate for each service received which may not be the same amount each day.

Insurance Company**Toll-Free Phone Number****Bankers Life and Casualty Company***Individual Policy - sold to individuals*

1-888-282-8252

Genworth Life Insurance Company*Individual and Group Policy - sold to individuals, groups and associations*

1-888-436-9678

John Hancock Life Insurance Company (U.S.A.)*Individual Policy - sold to individuals, groups and associations*

1-800-377-7311

Massachusetts Mutual Life Insurance Company*Individual - sold to individuals, groups and associations*

1-800-272-2216

MedAmerica Insurance Company*Individual and Group Policy - sold to individuals, groups and associations*

1-800-544-0327

Prudential Insurance Company*Individual Policy - sold to individuals, groups and associations*

1-800-732-0416

State Farm Mutual Automobile Life Insurance Company*Individual Policy - sold to individuals, groups and associations*

1-866-855-1212

Transamerica Life Insurance Company*Individual Policy - sold to individuals, groups and associations*

1-800-724-2351

Your comments are welcome. Please direct inquiries and comments to:



Connecticut Partnership for Long-Term Care

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